

ALLiGO

Year-End Report Q4
1 October – 31 December 2022

Thursday, 16 February 2023



Presenters

Clein Johansson Ullenvik

Group President & CEO



Irene Wisenborn Bellander

CFO



AGENDA

- Highlights Q4 2022
- Business update
- Acquisitions
- Financials
- Summary and outlook
- Q&A

All figures in the presentation apply to continuing operations unless otherwise stated



Alligo at a glance

Alligo is a leading player in workwear, personal protection, tools & supplies in the Nordic region

Alligo creates value by making companies work

- Efficient and sustainable processes
- Common platform

Through our concept brands and specialist stores, we meet our customers throughout the Nordic region in whatever channels they choose to meet us

TOOLS

swedol

UNIVERN

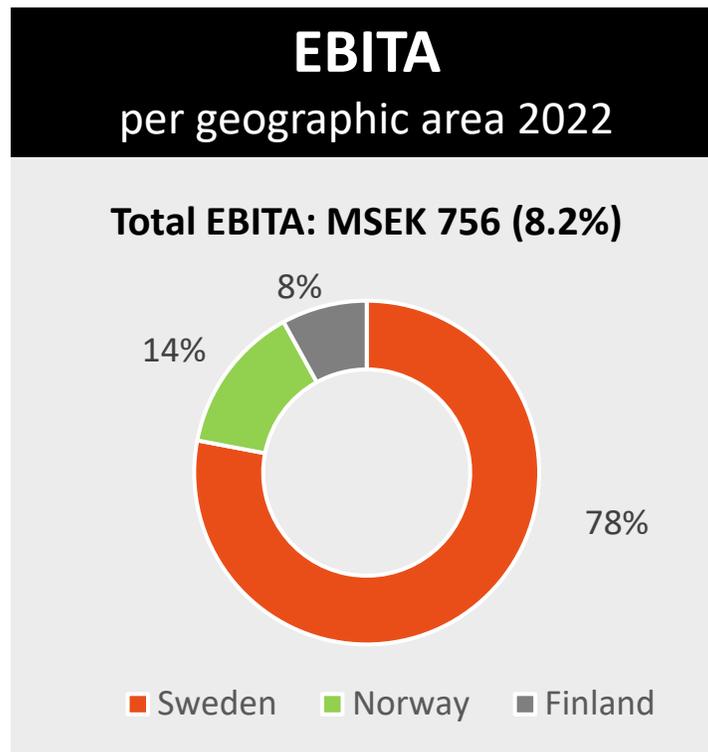
GROLLS

ALLiGO

Independent stores

SWEDEN: Mercus, Company Line, Reklamproffsen, Industriprofil, TriffiQ, Profilmakarna, Defacto, Magnusson Agentur, Profeel, Z-Profil, Kents Textiltryck and Olympus Profile. **FINLAND:** Metaplan and Liukkosen Pultti.

Alligo at a glance



Number of stores* per geographic area: Sweden = 107, Norway = 57, Finland = 39

* Dec 2022

Alligo at a glance



- **Nordic main markets**
– revenue of approx. SEK 53 billion per year
- **Customers**
– a combination of small and medium-sized enterprises, large industrial companies, and the public sector within eight defined segments
- **Main competitors**
– chains that focus on industry and construction as well as independent local operators

Our desired position – from different perspectives

WE WANT TO BE A FULLY INTEGRATED COMPANY

Customers

- We focus on professional customers in eight defined industry segments
- Our priority is to be strong facing the end customers

Offering

- We offer a product assortment with focus on consumables and a high degree of standardisation
- Services are an important part of our offering

Go-to-market

- We meet our customers where they want to meet us – through several sales channels
- Our digital channels support and drive different types of sales
- We meet our customers through several concept brands and have the ambition to reduce these to one main brand per country over time

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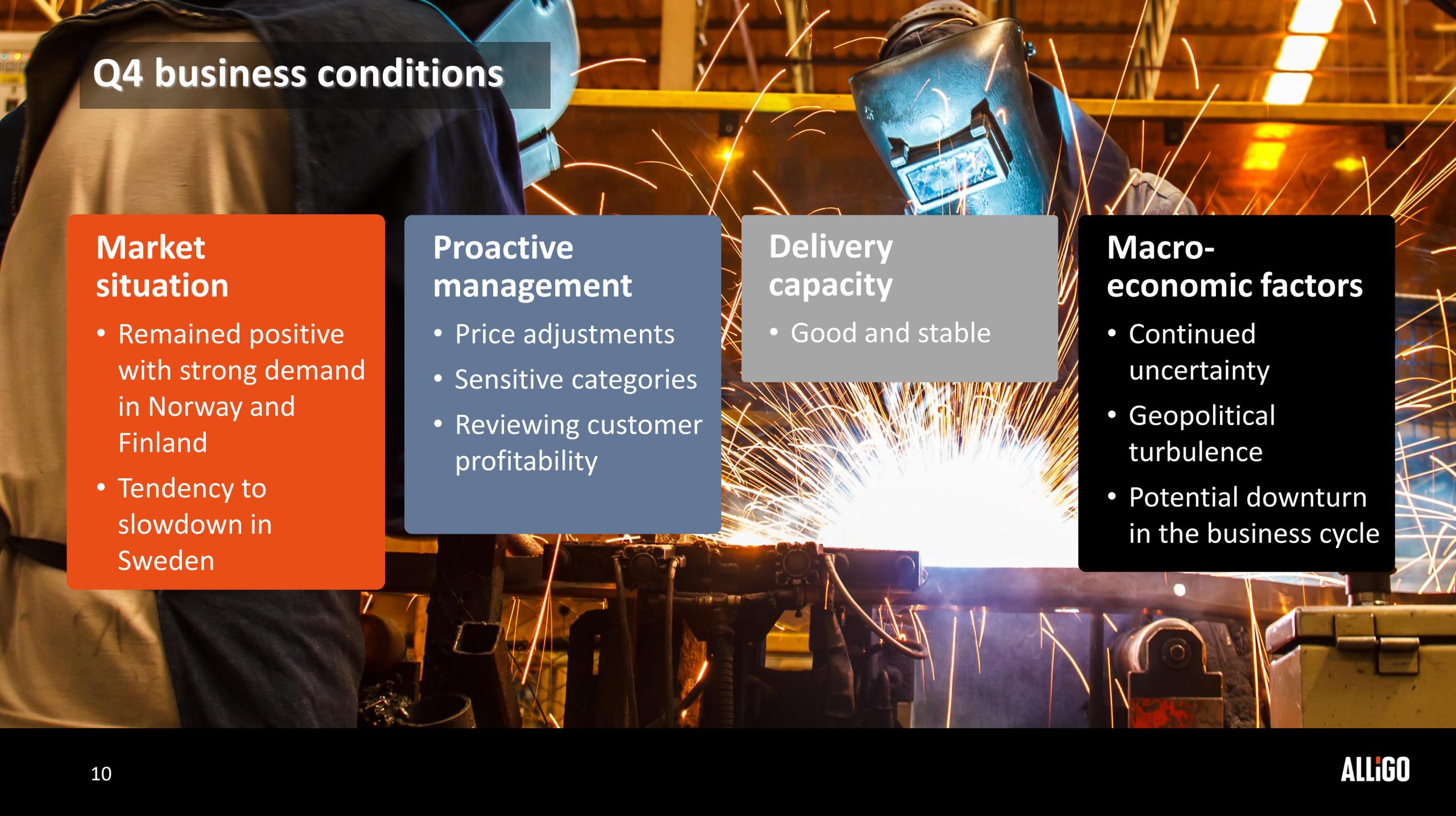


Q4 in brief

- Profitable growth in all markets, but some tendency to slowdown in Sweden
- One acquisition finalized during the quarter:
 - Profeel, with two stores in Sweden
- Signed agreements for additional 3 acquisitions in Sweden (completed January 2, 2023):
 - Z-Profil AB, Kents Textiltryck and Olympus Profile
- Revenue increased by 11.8 percent to MSEK 2,723 (2,436)
 - Driven mainly by larger industrial customers in Finland and Norway
- EBITA increased by 19 percent to MSEK 298 (250), corresponding to an EBITA margin of 10.9 percent (10.3)
- Cash flow from operating activities MSEK 417 (432)



Q4 business conditions



Market situation

- Remained positive with strong demand in Norway and Finland
- Tendency to slowdown in Sweden

Proactive management

- Price adjustments
- Sensitive categories
- Reviewing customer profitability

Delivery capacity

- Good and stable

Macro-economic factors

- Continued uncertainty
- Geopolitical turbulence
- Potential downturn in the business cycle

How Alligo responds to a challenging market

– with on-going and planned actions...

Growth initiatives

- Customer mix
- Service offering
- Acquisitions

Cost initiatives

- Primarily organizational – Norway and Sweden
- Additional initiatives

Price increases

- Ensure that pricing reflects our more expensive procurement and underlying cost increases

Stock reduction

- Target to reduce inventory
- Increase turnover rate



Efficiency measures

- Integration work
- New more efficient sales organizations

ACQUISTIONS



Acquisitions – an integral part of Alligo’s growth strategy

Focus on acquiring well run companies

- Within our main segments to be integrated, profile and media to be kept separately from the fully-integrated business
- Add footprint, customers, offerings
- Realize synergies – assortment and purchasing, cross-sales, co-location, overhead



Long-term acquisition process from gross list to integration

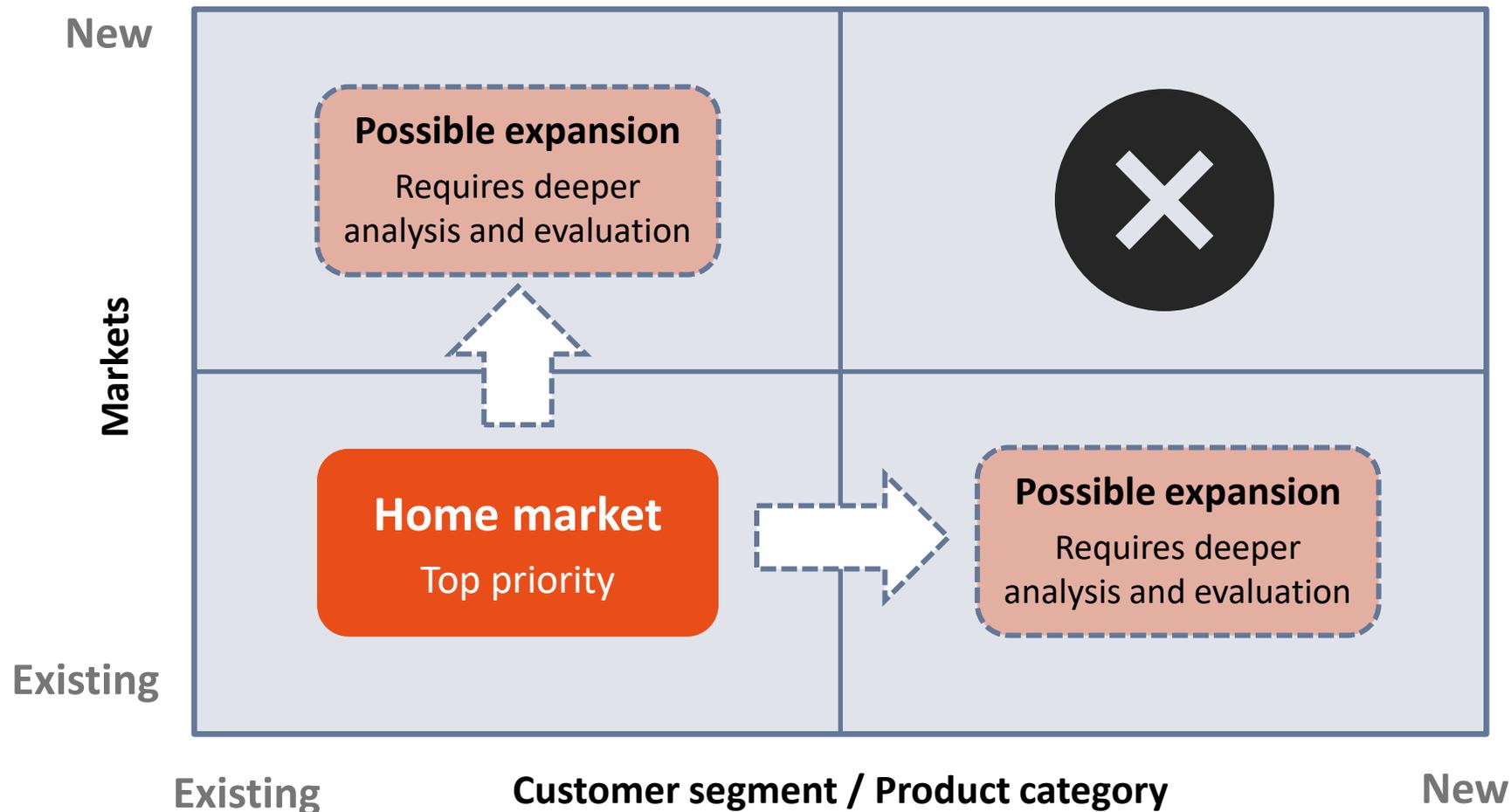
- Focus on proactive lead development and bilateral processes



Acquisitions are financed with cash flow from operations and debt financing



Alligo's priority is to "add-on" to the current operation, while exploring opportunities in other areas



First priority: Add-on acquisitions **similar to** our current operations:

- Swedol/Tools-like operations to be fully integrated (100 %)
- Specialist companies in workwear and profile products to remain as separate entities (typically 70%)

In addition, we evaluate opportunities to increase the scope of our offering and enter **new markets** through acquisitions.

Nine acquisitions signed 2022 – adding 400 MSEK in annual revenues

– as well as 115 employees and 13 stores

Acquisition	Product category	Date signing	Annual revenue (MSEK)*	Employees	Stores
 Liukkosen Pultti Oy	Workwear/Tools	Feb 2022	47	12	1
 Lunna AS	Industrial Components/Tools/ Workwear/Protective Equipment	March 2022	86	26	3
 H E Seglem AS	Industrial Components/Tools/ Workwear/Protective Equipment	June 2022	42	8	1
 Magnusson Agentur AB	Profile Products/Workwear	July 2022	27	6	1
 LVH AS	Tools/Supplies/Workwear/ Protective Equipment	Aug 2022	13	4	1
 Profeel Sweden AB (75%)	Profile Clothing/Product Media	Nov 2022	72	18	2
 Z- Profil AB** (70%)	Profile Clothing/Product Media	Dec 2022	41	13	2
 Kents Textiltryck i Halmstad AB** (70%)	Workwear/Profile Clothing/Product Media	Dec 2022	42	15	1
 Olympus Profile i Uddevalla AB** (70%)	Workwear/Profile Clothing/Product Media	Dec 2022	43	13	1
			414	115	13

* Currency rate: EUR 10,5, NOK 1,05

** Completed at beginning of 2023

FINANCIALS



Group in summary – Profitable growth in challenging times

Revenues and EBITA

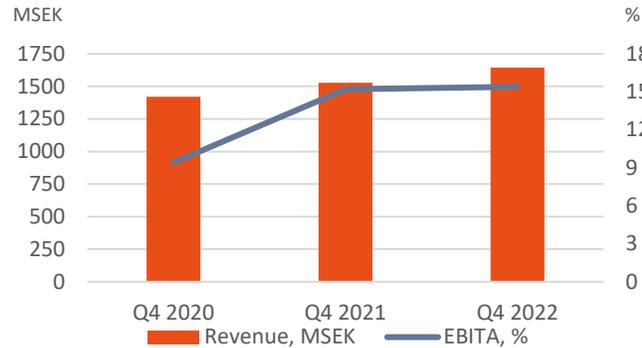
MSEK	2022 Oct-Dec	Δ, %	2021 Oct-Dec	2022 Jan-Dec	Δ, %	2021 Jan-Dec
Revenue	2,723	11.8	2,436	9,211	9.4	8,417
EBITA	298	19	250	756	17	645
<i>Amortisation</i>	-15		-16	-63		-63
<i>Items affecting comparability</i>	-15		-40	-24		-155
Operating profit	268		194	669		427
EBITA margin, %	10.9		10.3	8.2		7.7

Highlights Q4

- Revenue increased by 11.8% – significant inflation effect
 - Organic growth of 6.7%
 - Positive currency effects 2.3%
 - Same number of trading days
- EBITA increased by 19% to MSEK 181 (149)
 - Growth, price increases that compensate for higher purchase prices incl FX, and integration synergies
 - Negative country mix counteracts
- EBITA margin of 10.9% (10.3)
- Items affecting comparability -15 MSEK (-40)
 - Costs for organizational changes and rental costs
- Integration project close to being finalized:
 - 203 stores (203)
 - 20.2% own brands (21.2) but 19.0 adjusted for divested business
 - Restructuring reserve – release of MSEK 11
- Effective tax rate of 21.1% (24.9)

Revenues and EBITA per market Q4 – profitable growth

Sweden



Organic growth:

Q4 +6%

Q1-Q4+5%

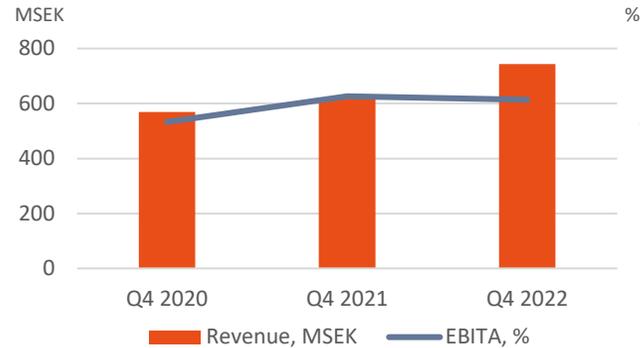
EBITA margin:

Q4 15.4% (15.2)

Q1-Q4 11.4% (10.9)

- Revenue increased by 7,7%
 - Sales weakened successively
- EBITA increased to MSEK 253 MSEK (232)
- Growth, improved margins, and integration synergies

Norway



Organic growth:

Q4 +9%

Q1-Q4+8%

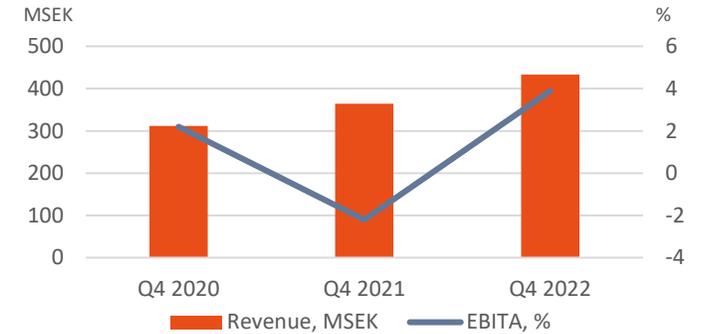
EBITA margin:

Q4 4.6% (4.7)

Q1-Q4 4.1% (3.6)

- Revenue increased by 20,4%
 - Oil and Gas segment
- EBITA increased to MSEK 34 (29)
- Growth and integration synergies
- Intensified focus going forward on improving sales- and assortment management besides sales activities in stores

Finland



Organic growth:

Q4 +6%

Q1-Q4+8%

EBITA margin:

Q4 3.9% (-2.3)

Q1-Q4 4.0% (1.4)

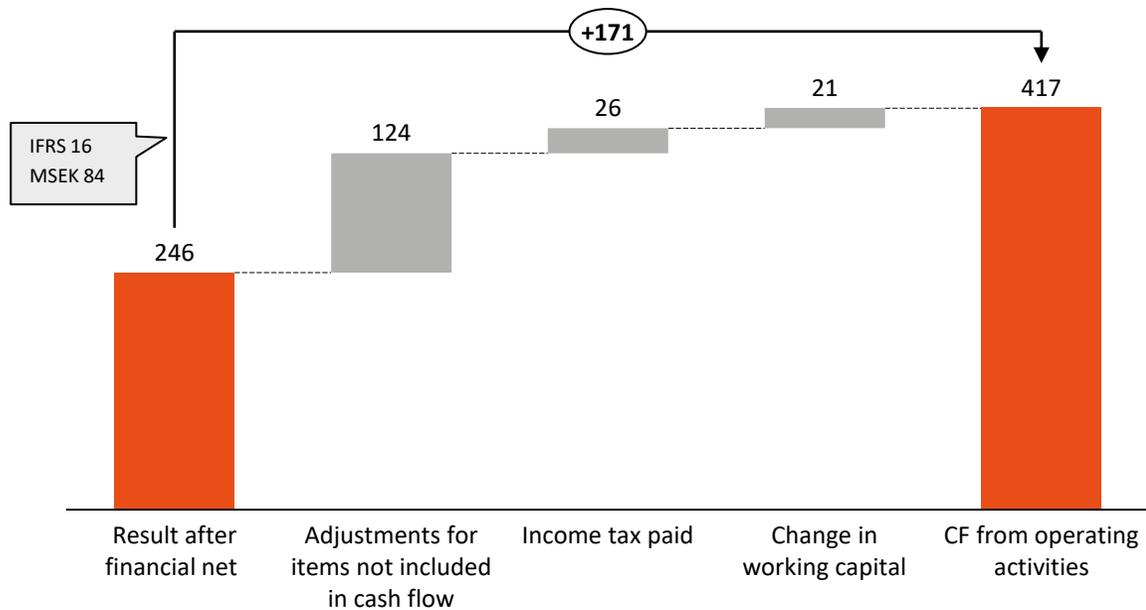
- Revenue increased by 19,0 %
 - Larger industrial customers
- EBITA increased to MSEK 17 (-8)
- Growth and improved sales management
- Focus forward on investment in stores in order to attract more small and medium-sized enterprises

Cash flow impacted by higher inventory levels

– 50% related to inflation and FX and 50% related to volume increase own brands

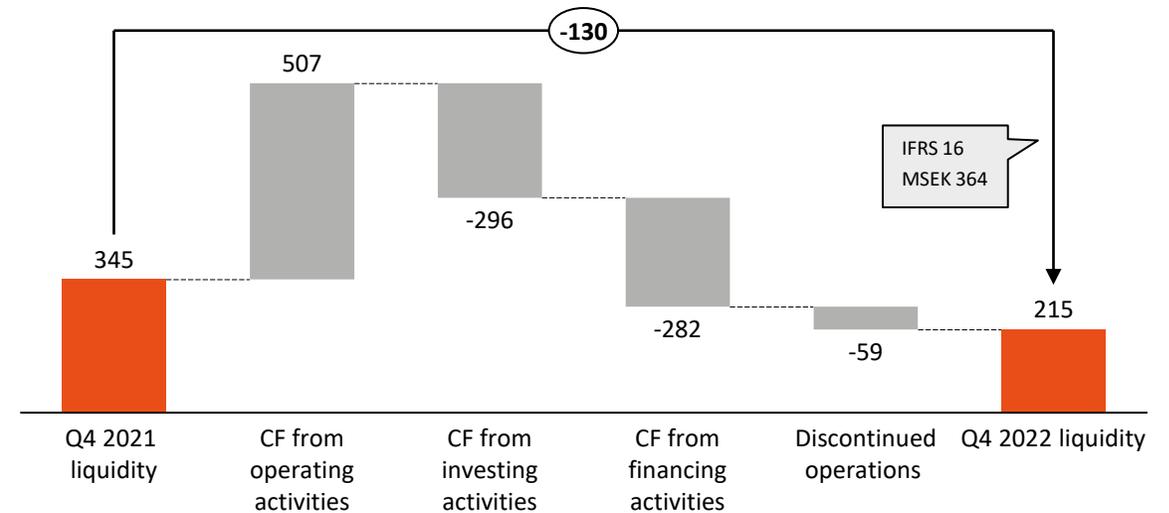
Q4 Operating activities

- Operating cash flow slightly lower compared to Q4 last year
- Continued inventory build-up
 - Assortment-merge incl own brands
 - Higher purchase prices, FX and costs for freight



Q1-Q4 Operating, investing and financing activities

- Investing activities
 - Implementation of new ERP, e-commerce investments, store adaptations, and expansion of Alligo’s warehouse and logistics facility (MSEK 152)
 - Acquisition of subsidiaries (MSEK 144)
- Financing activities
 - Dividend paid MSEK -88
 - Increased usage revolving facility MSEK 170



Increased net debt, but still a strong financial position

Overview of the financial position

MSEK	31 Dec 2022	31 Dec 2021
Non-current interest bearing liabilities	2,410	2,095
Current interest bearing liabilities	352	463
Cash and cash equivalents	-215	-286
Financial lease liabilities	-1,013	-1,013
Net provision for pensions	0	0
Net operational liabilities	1,534	1,259
EBITDA*, LTM	845	747
Net operational liabilities / EBITDA*, x	1.8	1.7

* Excl. IFRS 16

Key figures

- Ratio of net operational liabilities to EBITDA (excl. IFRS 16) of 1.8
- Unutilized credit facilities of MSEK 961 at the end of the period
- Equity/assets ratio 41 percent
- Refunding in the first quarter of 2022
 - Maturity 3+1+1 year
 - Total facility 2,300 MSEK
- Financial covenants fulfilled
- Continue to invest in organic growth and take advantage of potential good M&A opportunities

Solid performance in 2022 in relation to Financial Targets

TARGET

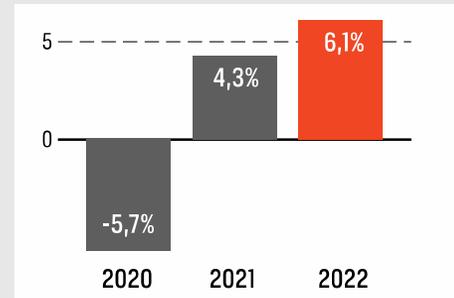
OUTCOME

GROWTH

>5%

Organic growth

Average organic growth shall be more than 5 per cent per year over a business cycle. Further growth shall also be made through acquisitions.



TARGET

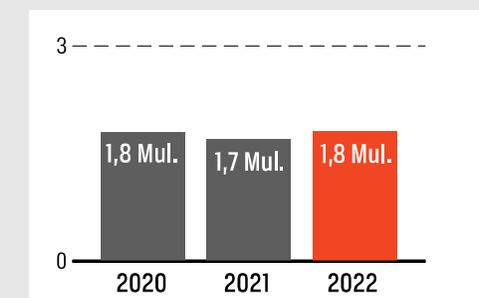
OUTCOME

INDEBTEDNESS

<3X

Ratio of net operational liabilities to EBITDA excl. IFRS 16

Ratio of net operational liabilities to EBITDA excl. IFRS 16 shall be less than a multiple of 3.

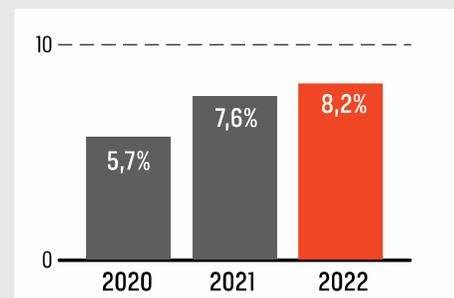


PROFITABILITY

>10%

EBITA margin

The EBITA margin shall be more than 10 per cent per year.

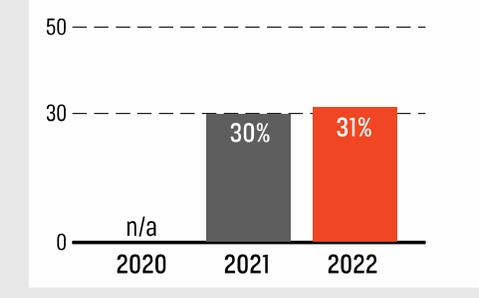


DIVIDEND

30-50%

Dividend from net profit

The dividend as a percentage of net profit shall be 30-50 per cent, taking into account other factors such as financial position, cash flow and growth opportunities.

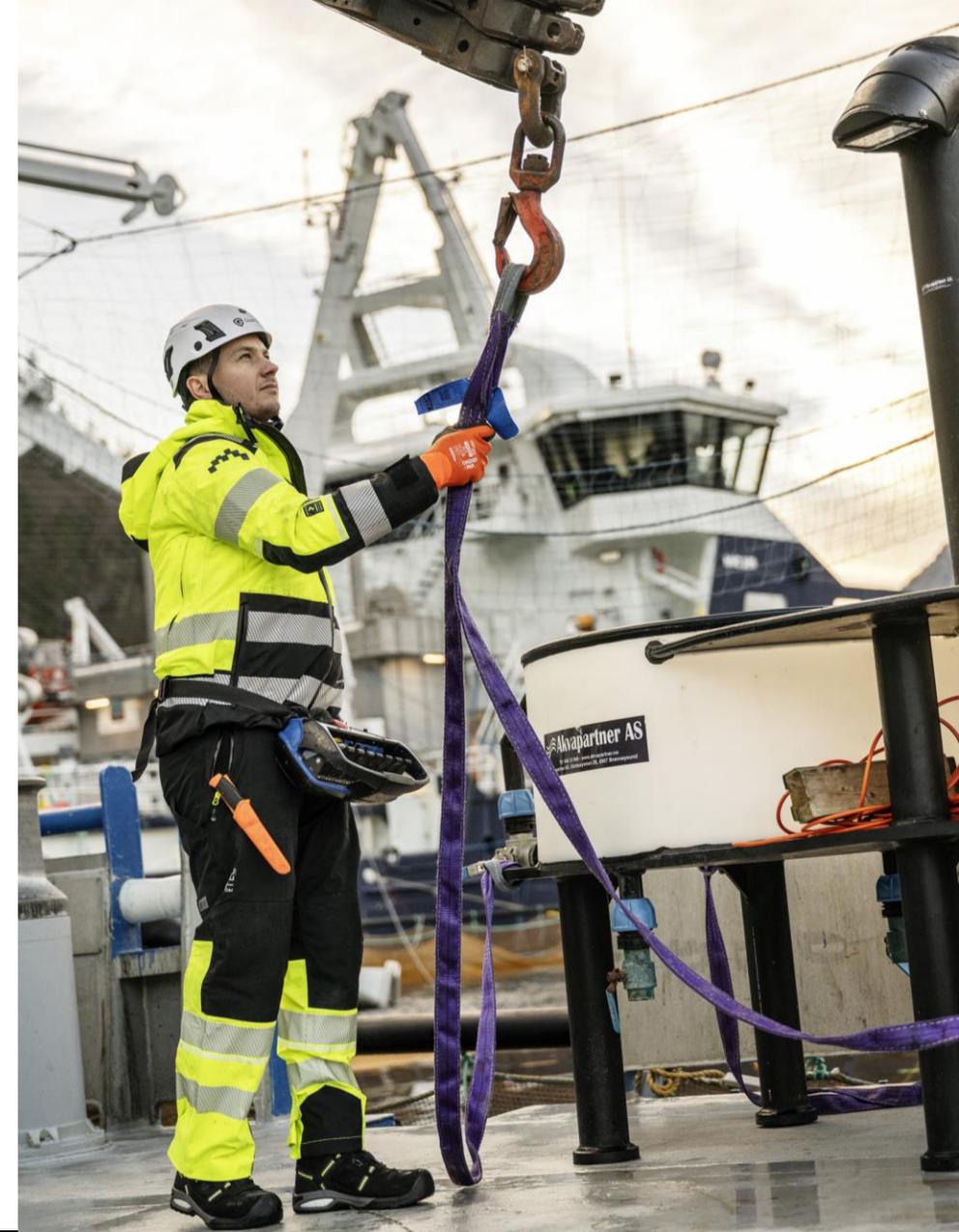


SUMMARY AND OUTLOOK



2022 in summary

- Financially stable year despite that we also carried out a large number of integration and improvement projects
- New sales organizations
- Nine acquisitions
- Positive development in Finland
- Secured good delivery capacity, but too high stock levels
- Increased focus on sustainability



Outlook 2023

- Well positioned in an uncertain market
- Focus on driving sales, developing our offer, and streamlining our processes
 - Nordic standard assortment and roll-out of own brands
- Good availability for the winter and spring season
 - Capital reduction
- Continued sales and assortment management
 - Price management
- Increase the share of small- and mid-sized companies
 - Norway and Finland (keep the position in Sweden)
- Continuously review the organization's cost structure
- Supplementing organic growth with acquisitions



Five reasons to invest in Alligo

1

Attractive market growth and resilient customer segments



2

Scalable platform is a foundation for continued growth



3

Own brands and services increase competitiveness and profitability



4

Sustainability as an integrated part of the business

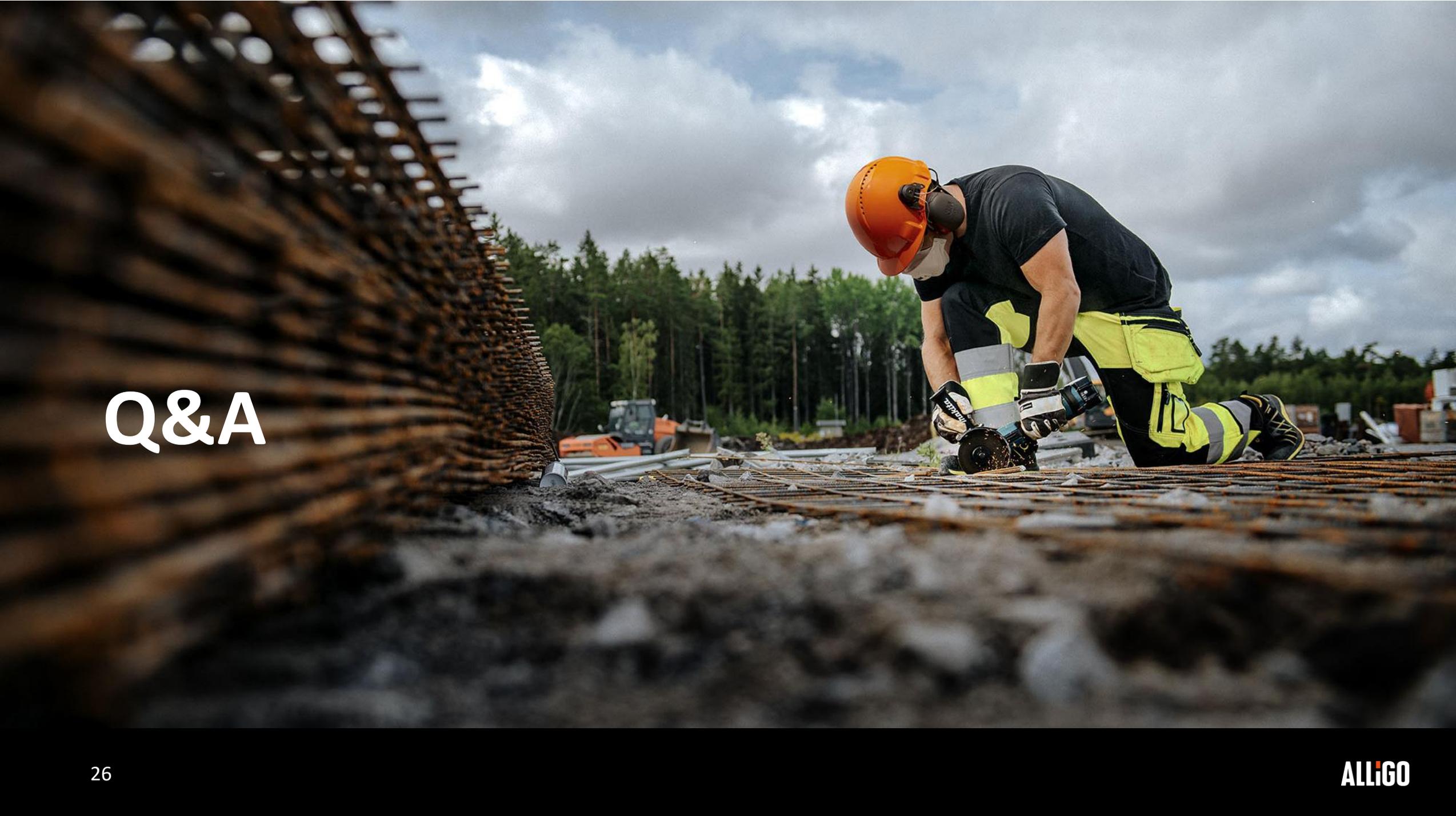


5

A leader in the consolidation of the Nordic markets



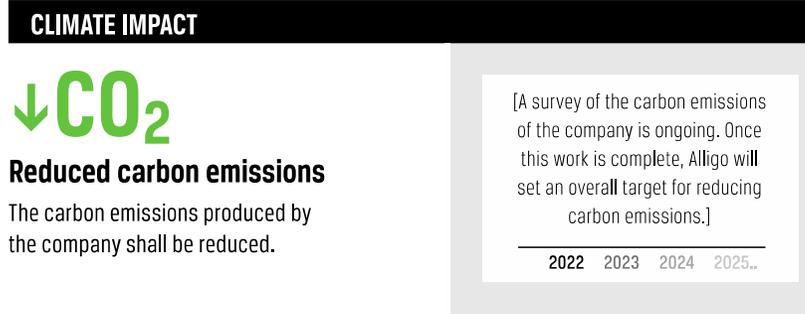
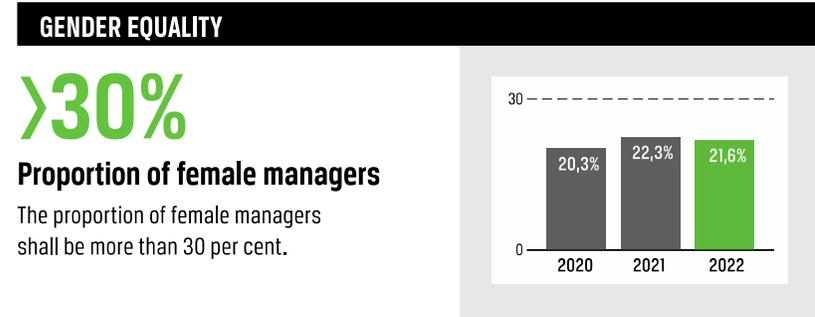
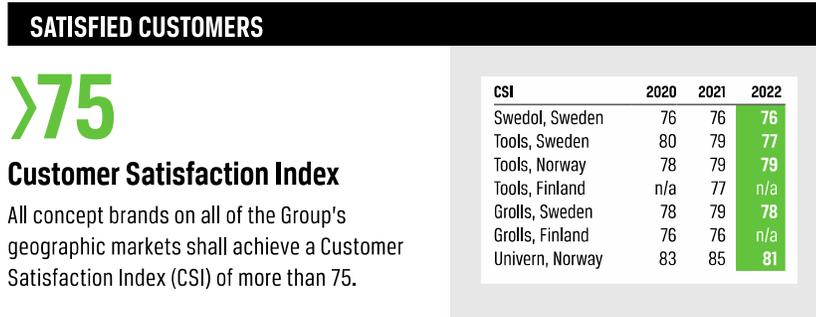
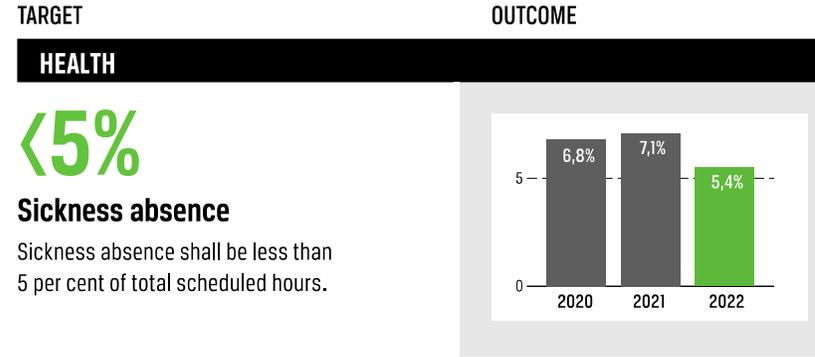
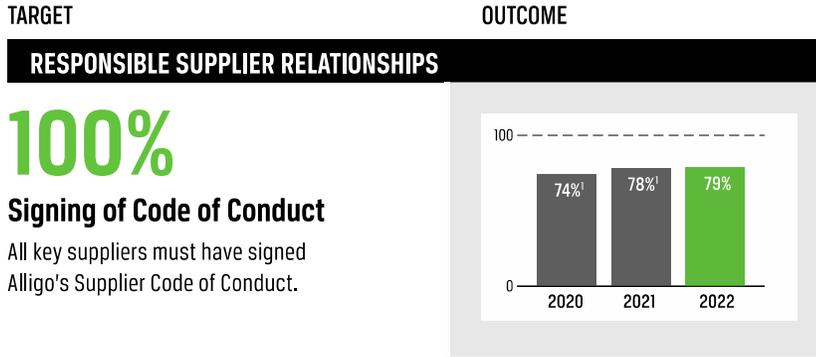
Q&A



APPENDIX



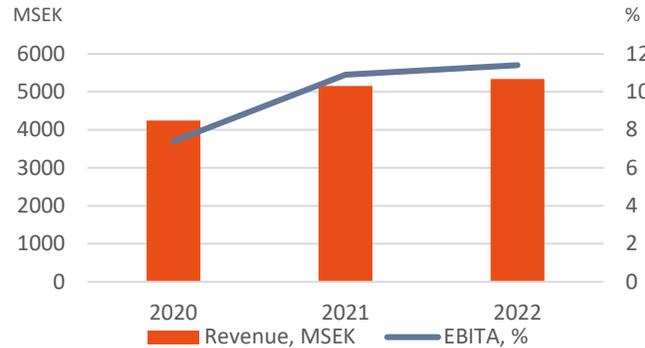
Performance 2022 in relation to Sustainability Targets



1) The basis of calculation was adjusted in 2022 and the comparison figures have been recalculated according to the same principles.

Revenues and EBITA per market FY 2022 – profitable growth

Sweden



Organic growth:

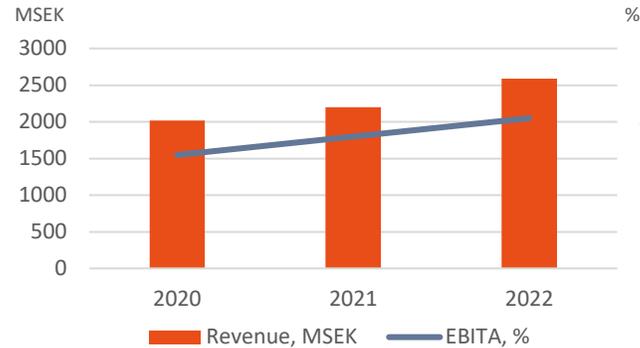
2022: +5%

EBITA margin:

2022: 11.4% (10.9)

- Revenue increased by 3,6 %
 - Small and mid-sized customers
- EBITA increased to MSEK 610 (560)
- Growth, and integration synergies
- Good margin development in stores mitigated by challenges in the industrial segment

Norway



Organic growth:

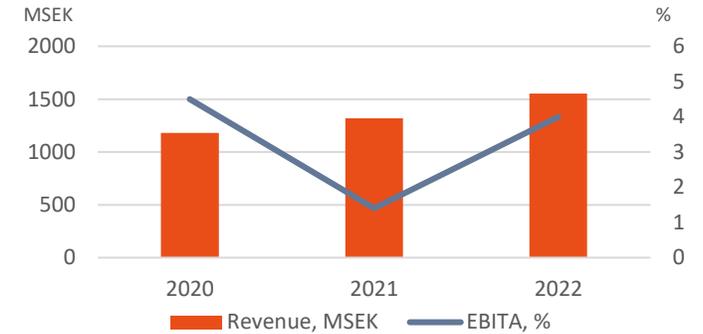
2022: +8%

EBITA margin:

2022: 4.1% (3.6)

- Revenue increased by 17,9%
- Oil and Gas segment
- EBITA increased to MSEK 107 (80)
- Growth and integration synergies
- Intensified focus going forward on improving sales- and assortment management besides sales activities in stores

Finland



Organic growth:

2022: +8%

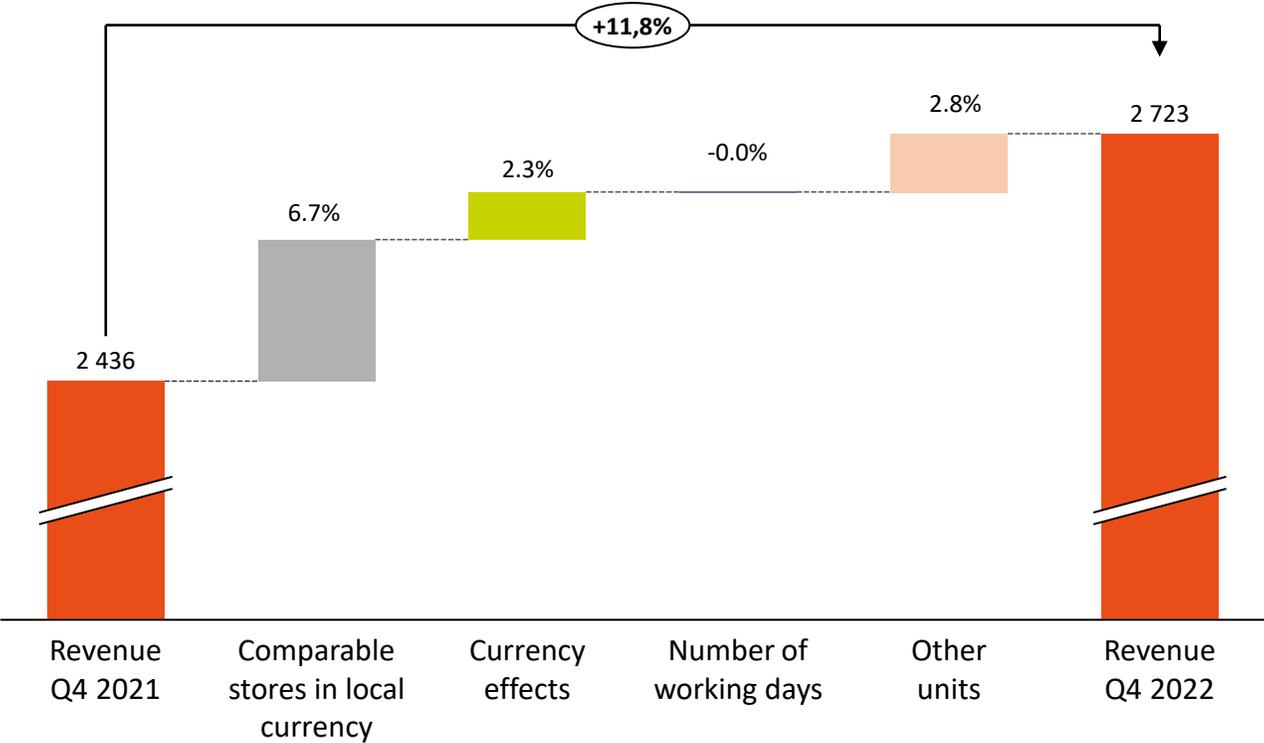
EBITA margin:

2022: 4.0% (1.4)

- Revenue increased by 17,6 %
 - Larger industrial customers
- EBITA increased to MSEK 62 (19)
- Growth and improved sales management
- Focus forward on investment in stores in order to attract more small and medium-sized enterprises

Revenue bridge fourth quarter 2022

Revenue year-on-year Q4



IFRS 16 effects on cash flow

MSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
IFRS 16 effects on cash flow from operations	84	103	364	362
IFRS 16 effects on cash flow from financing activities	-84	-103	-364	-362

Agenda 2030

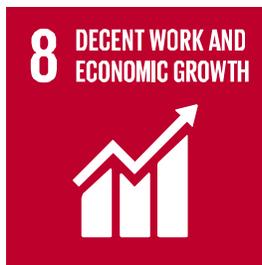
- Alligo supports Agenda 2030 and aims to achieve the UN Global Goals for Sustainable Development
- The goals where we have the biggest impact, and can make the greatest difference, are connected to our material sustainability issues
- During the fourth quarter of 2022, we reviewed the link between our material sustainability issues and the UN Global Goals and consequently narrowed it down from 7 to 3 areas to focus more on what is the most material
- By working with sustainability as an integrated part of our strategy and business planning, we aim to become the unrivalled leader of sustainable development in our sector



THE GLOBAL GOALS

Alligos material sustainability issues and the UN Global Goals for sustainable development

- Customer satisfaction
- Diversity and equality
- Work environment and health
- Skills development
- Working conditions and human rights in the supply chain



- Product quality and safety
- Environmental impact and chemicals
- Transparent sustainability communication and help customers make sustainable choices
- Anti-corruption



- Climate impact

